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'Mistakes were made,' Bush admits

By Mary Belcher
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Vice President George Bush said yesterday that mistakes were "clearly" made in selling U.S. arms to Iran.

But he defended the secret policy as one of "simple human hope" for the release of American hostages in Lebanon.

Mr. Bush also denied that he knew or approved of the diversion of arms sales proceeds to Nicaraguan resistance forces, which he said has "clouded" debate over the Iran controversy.

Some observers believed that the speech — the vice president's first public appearance since news of the arms sales surfaced early last month — distanced Mr. Bush from Mr. Reagan in the growing controversy. However, the president read and approved the speech before it was delivered, according to Marlin Fitzwater, spokesman for Mr. Bush.

"Clearly mistakes were made," the vice president said, going beyond Mr. Reagan's statement last week that the matter raised "serious questions of propriety."

The president has refused to characterize the secret arms sales as a mistaken policy, even though the effort has led to the worst credibility

crisis of his political career.

Mr. Bush said the debate over the Iranian initiative has been "clouded by the way in which the president's goals were executed."

He also went much further than other administration officials in acknowledging that "there can be no denying that our credibility has been damaged by this entire episode and its aftermath."

Nevertheless, Mr. Bush told the American Enterprise Institute, "I

can tell you the president is absolutely convinced in his own mind he did not swap arms for hostages."

Despite a "mutual hatred" between Americans and Iranians, the vice president said, "Simple human hope explains it [the arms sales] better than anything else."

"The president hoped that we could open a channel that would serve the interests of the U.S. and our allies in a variety of ways," he said. "Call it leadership, give 20-20 hindsight and call it a mistaken tactic if you want to, it was risky but potentially of long-term value."

The president said in a nationally televised speech Nov. 13 that the arms sales were made as a gesture of good faith to "moderate" Iranian factions believed to have influence over terrorist groups holding American hostages in Beirut. The president said the secret overtures did not contradict his publicly stated refusal to give in to terrorist demands or the longstanding U.S. embargo on arms sales to Iran.

Public furor over the deal escalated dramatically last week with the revelation that as much as \$30 million in proceeds from the sales had been diverted, through Swiss bank accounts, to Nicaragua's Contra rebels.

In other developments related to the scandal yesterday, the CIA took the unusual step of publicly denying published reports that it had transferred the Iran arms proceeds to the Nicaraguan resistance and other anti-communist insurgencies.

"The only funds related to the Iran program that passed through agency hands were the \$12 million owed to the Pentagon for the arms," said CIA spokesman George Lauder.

The CIA "received no profits from any transaction with the Iranians, nor were any funds that passed through agency hands diverted to the Contras or any other covert ac-

tion program," Mr. Lauder said.

The CIA statement was backed up by a senior administration official, who called the reports of CIA fund transfers "pure disinformation."

"The agency has strict accountability," the official said. "There is no co-mingling of funds."

However, a U.S. government source told The Associated Press that millions of dollars diverted from Iranian arms sales to Nicaraguan rebels went through a Swiss bank account controlled by the CIA — an account also used to handle covert assistance to the Afghan rebels.

The source said the use of the account "will be the subject of the investigation" of congressional probes and the independent counsel Attorney General Edwin Meese III is expected to seek.

At the time the funds were diverted earlier this year, the U.S. government and specifically the CIA were barred from giving military aid to the Contras.

On Nov. 25, Mr. Meese said proceeds of the Iranian arms sales exceeding the amount owed the Pentagon were transferred to Swiss bank accounts controlled by Contra representatives.

The Justice Department, at least nine congressional committees and a presidentially appointed Special Review Board have launched investigations into the Iranian-Nicaraguan connection to determine whether administration officials broke the law in funneling aid to the rebels.

Two days ago, Mr. Reagan endorsed Mr. Meese's decision to ask for a court-appointed special counsel to investigate the matter.

Speaking yesterday to a group of women entrepreneurs, the president said, "I am determined to get to the bottom of this matter and to get all the facts out."

Mr. Bush said that when the "full truth" becomes known and Americans understand that "this strong and honest president moves swiftly to correct what might have been wrong, then a forgiving American people — in spite of their misgivings about Iran and weapons and diverted funds — will say, 'Our president told the truth. He took action. Let's go forward together.'"

Mr. Meese has said that Lt. Col. Oliver North, the National Security Council staff member fired last week, was the only official with "precise" knowledge of the diversion of funds to Nicaraguan rebels.

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Mr. Meese said Vice. Adm. John Poindexter, who resigned as the president's national security adviser last week, had general knowledge of the matter.

In addition, former National Security Adviser Robert McFarlane, who initiated contacts with Iran in mid-1985 and made several trips to Iran following his December 1985 resignation, has acknowledged he knew of the Nicaragua funding, which occurred earlier this year.

Mr. Reagan, Mr. Bush, White House Chief of Staff Donald Regan and members of the president's Cabinet have denied knowing anything about the diversion of funds.

"I'd like to say something about my own role in all this," Mr. Bush said yesterday. "I was aware of our Iran initiative and I support the president's decision."

"I was not aware of and oppose any diversion of funds, any ransom payments, or any circumvention of the will of the Congress and the law of the United States of America," he said.

The political fallout from the Iranian crisis could hurt Mr. Bush's bid for the Republican presidential nomination in 1988. But, he said yesterday, "Let the chips fall where they may."

"Politics do not matter; personalities do not matter; those who haven't served the president well don't matter," Mr. Bush said. Instead, he said, foreign policy must not be allowed to "become paralyzed by distraction."

The vice president said U.S. support for Nicaraguan resistance forces should "stand on its own merits, not hang on events related to Iran. The Marxist-Leninist regime in Managua must not benefit from the errors of some people in Washington, D.C."

Meanwhile, an ABC News poll released yesterday showed that nearly half of all Americans believe the president is not telling the full truth about the Iranian-arms, Contra-funding deal.

Forty-nine percent of 505 Americans polled believe that Mr. Reagan has been lying and 42 percent believe he is telling the truth.

However, the percentage of people who believe the president has increased sharply from 37 percent on Nov. 25, when it was disclosed that funds had been transferred to Nicaraguan rebels.

Nearly half of those polled said Mr. Reagan should resign if he's lying.

• *This article is based in part on wire service reports.*